

Internal Revenue Service

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Department of the Treasury
Washington, DC 20224

Third Party Communication: None
Date of Communication: Not Applicable

Person To Contact:
, ID No.

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CC:CORP:04
PLR-106475-07

Date:
March 15, 2007

Legend

S31 =

Date 3 =

Date 4 =

u =

Dear :

This responds to your February 1, 2007, request that we supplement our letter ruling dated August 18, 2006 (PLR-124298-06) (the "Prior Ruling Letter"), and our supplemental ruling dated December 7, 2006 (PLR-151247-06) (together with the Prior Ruling Letter, the "Prior Rulings"). The information submitted for consideration is summarized below. Capitalized terms not defined in this letter have the meanings originally assigned to them in the Prior Ruling Letters.

The rulings contained in this letter are based on information and representations submitted by the taxpayer and accompanied by a penalty of perjury statement executed by an appropriate party. This office has not verified any of the material submitted in support of the request for rulings. Verification of the information, representations, and other data may be required as part of the audit process. In particular, this office has not reviewed any information pertaining to, and has made no determination regarding, whether the proposed transaction: (i) satisfies the business purpose requirement of § 1.355-2(b) of the Income Tax Regulations; (ii) is used principally as a device for the distribution of the earnings and profits of the distributing corporation or the controlled

corporation or both (see § 355 (a)(1)(B) of the Internal Revenue Code and § 1.355-2(d)); or (iii) is part of a plan (or series of related transactions) pursuant to which one or more persons will acquire directly or indirectly stock representing a 50-percent or greater interest in the distributing corporation or the controlled corporation (see § 355(e) and § 1.355-7).

The Prior Rulings address certain U.S. federal income tax consequences of Proposed Transactions under §§ 351, 355, and 368 of the Internal Revenue Code, and other Code provisions.

SUPPLEMENTAL FACTS

Prior to Contribution 7, it was determined that S31, a wholly-owned subsidiary of S10, needed additional capital. On Date 3, officers of both S10 and S31 approved the transfer of \$u (the "Transfer") to S31 in anticipation of Contribution 7 and Contribution 8.

Due to an administrative oversight, the Transfer did not occur on Date 4 as planned. However, the value of the S31 stock transferred to Controlled 2 in Contribution 7 and the value of the Distributing 2 stock received by S10 in Contribution 8 reflected the value of the Transfer.

SUPPLEMENTAL RULINGS

Based on the information and representations set forth herein and submitted with the Prior Rulings, we rule as follows:

The Transfer will be treated for U.S. federal income tax purposes as if it had occurred prior to Contribution 7 on Date 4.

CAVEAT

No opinion is expressed about the tax treatment of the Proposed Transactions under other provisions of the Code or regulations or the tax treatment of any condition existing at the time of, or effects resulting from, the Proposed Transactions that are not specifically covered by the above rulings and the rulings contained in our Prior Rulings. In particular, no opinion is expressed regarding: (i) whether the proposed transaction satisfies the business purpose requirement of § 1.355-2(b); (ii) whether the proposed transaction is used principally as a device for the distribution of the earnings and profits of Distributing or Controlled or both; and (iii) whether the proposed transaction is part of a plan (or series of related transactions) under § 355(e)(2)(A)(ii).

PROCEDURAL STATEMENTS

This ruling is directed only to the taxpayer requesting it. Section 6110(k)(3) provides that it may not be used or cited as precedent. A copy of this ruling letter should be attached to the U.S. federal income tax return of each taxpayer involved for the taxable year in which the transaction covered by this ruling letter is consummated. Alternatively, taxpayers filing their returns electronically may satisfy this requirement by attaching a statement to their return that provides the date and control number of the letter ruling.

In accordance with the power of attorney on file with this office, a copy of this letter is being sent to your authorized representative.

Sincerely,

Richard K. Passales
Senior Counsel, Branch 4
Office of Associate Chief Counsel
(Corporate)